

**LEGISLATIVE FISCAL OFFICE
ANALYSIS OF BA-7 REQUEST
Original: Not approved by JLCB**

DEPARTMENT: Health & Hospitals

AGENDA NO.: 1

AGENCY: Medical Vendor Payments

ANALYST: Shawn Hotstream

<u>Means of Financing</u>		<u>Expenditures by Program</u>		<u>T. O.</u>
State General Fund:	\$0	Private Providers	\$44,496,361	0
Interagency Transfers:	\$0	Public Providers	\$0	0
Self-Generated Revenue:	\$0	Medicare Buy-Ins & Supplements	\$0	0
Statutory Dedications:	\$44,496,361	Uncompensated Care Costs	\$0	0
Federal Funds:	\$0			
Total	<u>\$44,496,361</u>	Total	<u>\$44,496,361</u>	<u>0</u>

I. SUMMARY/COMMENTS

The purpose of this BA-7 request is to increase Statutory Dedication authority by \$44,496,361 in Medical Vendor Payments (MVP). This increase in revenue to Medical Vendor Payments (MVP) is being made as part of the mid-year deficit elimination plan offered by the Division of Administration in December 2014 to address a reduction in the revenue forecast for FY 15 (first mid-year cut solution). The source of Statutory Dedications includes Health Excellence Fund revenues, Amnesty Collections Fund, and Overcollections Fund revenues.

History:

As part of the first mid year budget deficit solution, MVP was reduced approximately \$127 M in SGF through an in house BA -7. A corresponding BA-7 proposed in JLCB on 12/18/2014 requested to add back approximately \$126 M in various Statutory Dedications to offset the \$127 M in SGF cuts. The Joint Legislative Committee on the Budget revised the BA-7 request from \$126 M to \$82 M (\$44 M) as a result of certain Statutory Dedication revenues not reflecting the Revenue Estimating Conference (REC) forecast at the time. A subsequent REC meeting on January 26 recognized the level of statutory dedication revenues amended out of the original JLCB BA-7. This BA-7 is requesting to fund the \$44 M in Statutory Dedications amended out of the original BA-7. See illustration below.

BA-7 request (December 18, 2015):

<u>Stat Ded Sources</u>	<u>Original BA-7 Request</u>	<u>Revised JLCB BA-7</u>	<u>Shortfall by revenue source</u>
Medical Assistance Trust Fund	\$4,900,000	\$4,900,000	\$0
Health Excellence Fund	\$7,919,155	\$6,601,110	\$1,318,045
Overcollections	\$79,473,213	\$47,000,000	\$32,473,213
2013 Amnesty Collections Fund	<u>\$34,153,360</u>	<u>\$23,448,257</u>	<u>\$10,705,103</u>
Total	\$126,445,728	\$81,949,367	\$44,496,361

BA-7 request (April 15, 2015):

Health Excellence Fund	\$993,534
Overcollections	\$15,000,000
2013 Amnesty Collections Fund	<u>\$28,502,827</u>
Total	\$44,496,361

II. IMPACT ON FUTURE FISCAL YEARS

Approval of this BA-7 request will have no impact on future fiscal years.

III. LEGISLATIVE FISCAL OFFICE RECOMMENDATION

April 15, 2015

LEGISLATIVE FISCAL OFFICE
ANALYSIS OF BA-7 REQUEST
Original: Not approved by JLCB

The Legislative Fiscal Office recommends approval of this BA-7 request.

April 15, 2015

**LEGISLATIVE FISCAL OFFICE
ANALYSIS OF BA-7 REQUEST
Amended: Approved by JLCB**

DEPARTMENT: Health & Hospitals

AGENDA NO.: 1

AGENCY: Medical Vendor Payments

ANALYST: Shawn Hotstream

<u>Means of Financing</u>		<u>Expenditures by Program</u>		<u>T. O.</u>
State General Fund:	\$0	Private Providers	\$40,496,361	0
Interagency Transfers:	\$0	Public Providers	\$0	0
Self-Generated Revenue:	\$0	Medicare Buy-Ins & Supplements	\$0	0
Statutory Dedications:	\$40,496,361	Uncompensated Care Costs	\$0	0
Federal Funds:	\$0			
Total	<u>\$40,496,361</u>	Total	<u>\$40,496,361</u>	<u>0</u>

I. SUMMARY/COMMENTS

The purpose of this BA-7 request is to increase Statutory Dedication authority by \$40,496,361 in Medical Vendor Payments (MVP). This increase in revenue to Medical Vendor Payments (MVP) is being made as part of the mid-year deficit elimination plan offered by the Division of Administration in December 2014 to address a reduction in the revenue forecast for FY 15 (first mid-year cut solution). The source of Statutory Dedications includes Health Excellence Fund revenues, Amnesty Collections Fund, and Overcollections Fund revenues.

History:

As part of the first mid year budget deficit solution, MVP was reduced approximately \$127 M in SGF through an in house BA -7. A corresponding BA-7 proposed in JLCB on 12/18/2014 requested to add back approximately \$126 M in various Statutory Dedications to offset the \$127 M in SGF cuts. The Joint Legislative Committee on the Budget revised the BA-7 request from \$126 M to \$82 M (\$44 M) as a result of certain Statutory Dedication revenues not reflecting the Revenue Estimating Conference (REC) forecast at the time. A subsequent REC meeting on January 26 recognized the level of statutory dedication revenues amended out of the original JLCB BA-7. This BA-7 is requesting to fund the \$44 M in Statutory Dedications amended out of the original BA-7. However, JLCB only recommended approval of \$40,496,361. See illustration below.

BA-7 request (December 18, 2015):

<u>Stat Ded Sources</u>	<u>Original BA-7 Request</u>	<u>Revised JLCB BA-7</u>	<u>Shortfall by revenue source</u>
Medical Assistance Trust Fund	\$4,900,000	\$4,900,000	\$0
Health Excellence Fund	\$7,919,155	\$6,601,110	\$1,318,045
Overcollections	\$79,473,213	\$47,000,000	\$32,473,213
2013 Amnesty Collections Fund	<u>\$34,153,360</u>	<u>\$23,448,257</u>	<u>\$10,705,103</u>
Total	\$126,445,728	\$81,949,367	\$44,496,361

BA-7 request (April 15, 2015):

Health Excellence Fund	\$993,534
Overcollections	\$28,502,827
2013 Amnesty Collections Fund	<u>\$11,000,000</u>
Total	\$40,496,361

II. IMPACT ON FUTURE FISCAL YEARS

Approval of this BA-7 request will have no impact on future fiscal years.

III. LEGISLATIVE FISCAL OFFICE RECOMMENDATION

April 15, 2015

**LEGISLATIVE FISCAL OFFICE
ANALYSIS OF BA-7 REQUEST
Amended: Approved by JLCB**

The Legislative Fiscal Office recommends approval of this BA-7 request.

DEPARTMENT: Youth Services

AGENDA NO.: 2

AGENCY: Juvenile Justice

ANALYST: Zachary Rau

<u>Means of Financing</u>		<u>Expenditures by Program</u>		<u>T. O.</u>
State General Fund:	\$0	Administration	\$0	0
Interagency Transfers:	\$0	North Region	\$0	0
Self-Generated Revenue:	\$0	Central/Southwest Region	\$0	0
Statutory Dedications:	\$0	Southeast Region	\$0	0
Federal Funds:	\$1,231,000	Contract Services	\$1,231,000	0
		Auxiliary	\$0	0
Total	<u>\$1,231,000</u>	Total	<u>\$1,231,000</u>	<u>0</u>

I. SUMMARY/COMMENTS

The purpose of this BA-7 request is to increase the Office of Juvenile Justice's (OJJ) federal budget authority to execute one-time funds received via reimbursements from the Social Security Administration (SSA) which began accruing in FY 12 without a corresponding increase in Federal budget authority. The reimbursements are derived from disability and survivor benefits from Supplemental Security Income (SSI) and Social Security, respectively. OJJ receives disability and survivor benefits from SSA when the dependent children of persons receiving such benefits come under their care. Once a child returns to the care of their parent or legal guardian, OJJ no longer receives the associated disability and survivor benefits.

OJJ will use the Federal funds to replace SGF which it used to fund health care services contracts. OJJ will use these funds to provide all health and dental care, unless emergency care or the use of an off site specialist such as an orthodontist, orthopedist, ophthalmologist, or other specialist is required. If a child requires emergency care or the use of a specialist, it is paid for by the Department of Public Safety & Corrections.

II. IMPACT ON FUTURE FISCAL YEARS

Approval of this BA-7 request will have no impact on future fiscal years. OJJ does not have an increase in federal budget authority in the FY 16 Executive Budget.

III. LEGISLATIVE FISCAL OFFICE RECOMMENDATION

The Legislative Fiscal Office recommends approval of this BA-7 request.

**LEGISLATIVE FISCAL OFFICE
ANALYSIS OF BA-7 REQUEST
Approved By JLCB**

DEPARTMENT: Ancillary

AGENDA NO.: 3

AGENCY: Group Benefits

ANALYST: Travis McIlwain

<u>Means of Financing</u>		<u>Expenditures by Program</u>		<u>T. O.</u>
State General Fund:	\$0	State Group Benefits	\$95,005,005	0
Interagency Transfers:	\$0			
Self-Generated Revenue:	\$95,005,005			
Statutory Dedications:	\$0			
Federal Funds:	\$0			
Total	<u>\$95,005,005</u>	Total	<u>\$95,005,005</u>	<u>0</u>

I. SUMMARY/COMMENTS

The purpose of this BA-7 request is to appropriate additional SGR budget authority in order to pay projected medical and prescription drug claims payments from April 2015 until the end of FY 15. The current FY 15 budget is \$1,354,554,729.

Through February 2015, the OGB has expended a total of \$989,002,894 in FY 15, which equates to spending approximately \$123.6 M per month. OGB has \$365.6 M of unexpended SGR budget authority remaining in FY 15. Based upon a projected March - June expenditure analysis completed by OGB's contract actuary (Gallagher Benefit Services), OGB's anticipated aggregate expenditures for the rest of the fiscal year is projected to be \$460,556,840 (or approximately \$115.1 M per month). See calculations below.

Actual FY 15 Expenditures (July 2014 - February 2015)	\$989,002,894 (\$123.6 M / month)
Projected Remaining FY 15 Expenditures Per Contract Actuary (March 2015 - June 2015)	<u>\$460,556,840 (\$115.1 M / month)</u>
FY 15 Total Anticipated Expenditures	\$1,449,559,734
FY 15 Existing Operating Budget (EOB)	\$1,354,554,729
FY 15 Total Anticipated Expenditures	<u>\$1,449,559,734</u>
Current Budget Authority Difference	(\$95,005,005)

II. IMPACT ON FUTURE FISCAL YEARS

Approval of this BA-7 request will have no impact on future fiscal years.

III. LEGISLATIVE FISCAL OFFICE RECOMMENDATION

The Legislative Fiscal Office recommends approval of this BA-7 request.

April 15, 2015

**LEGISLATIVE FISCAL OFFICE
ANALYSIS OF BA-7 REQUEST
Approved By JLCB**

DEPARTMENT: Transportation & Development

AGENDA NO.: 4

AGENCY: Engineering & Operations

ANALYST: Alan M. Boxberger

<u>Means of Financing</u>		<u>Expenditures by Program</u>		<u>T. O.</u>
State General Fund:	\$0	Engineering	\$0	0
Interagency Transfers:	\$0	Multimodal Planning	\$0	0
Self-Generated Revenue:	\$0	Operations	\$2,149,289	0
Statutory Dedications:	\$2,149,289	Aviation	\$0	0
Federal Funds:	\$0			
Total	<u>\$2,149,289</u>	Total	<u>\$2,149,289</u>	<u>0</u>

I. SUMMARY/COMMENTS

The purpose of this BA-7 request is to increase budget authority in the DOTD Operations Program to provide funding for expenses incurred in response to 2 weather events (Governor's State of Emergency, Winter Weather Proclamations NO. 26 2015 issued on 2/22/2015, and NO. 44 2015, issued on 3/4/2015). The weather events resulted in closure of schools and/or state offices in numerous parishes throughout central and north LA, ranging from as few as 2 parishes to as many as 40 parishes on specific days within the emergency periods.

Approval of this BA-7 will increase the following expenditure categories:

Salaries - \$1,607,025	Provides funding for employee overtime accrued in response to two winter weather events (2/21-28/2015 and 3/3-6/2015). 1,113 employees in the Operations Program were involved in the response to the storm and each accrued overtime pay while performing work during official office closures, 12-hour shifts and weekend work. Employees were called on to scout roadways for icing, logistics and planning, preparation of situational reports, administration of the response including call center employees, communications (phone and radio), and deicing of roadways. Employees from all DOTD districts statewide were utilized in response efforts except those from District 02.
Supplies - \$542,264	Provides funding for supplies needed to respond to two winter weather events. DOTD purchased deicing materials (salt, brine solution and sand) for application to bridges and certain roadways in the impacted areas.

The total costs identified during response to these winter weather events in the Operations Program exceeded \$2.8 M. The department absorbed approximately \$700,000 worth of expenditures beyond the appropriation authority sought by this BA-7.

The Transportation Trust Fund (TTF) currently has an undesignated fund balance of approximately \$21.1 M in FY 15 (derived by comparing the TTF estimate adopted by the Revenue Estimating Conference to the approved budget authority and planned expenditures).

Note: This is an after-the-fact BA-7 request.

II. IMPACT ON FUTURE FISCAL YEARS

Approval of this BA-7 request will have no impact on future fiscal years.

III. LEGISLATIVE FISCAL OFFICE RECOMMENDATION

The Legislative Fiscal Office recommends approval of this BA-7 request.

April 15, 2015

LEGISLATIVE FISCAL OFFICE
ANALYSIS OF BA-7 REQUEST
Original: Not approved by JLCB

DEPARTMENT: Environmental Quality

AGENDA NO.: 5

AGENCY: Environmental Compliance

ANALYST: Charley Rome

<u>Means of Financing</u>		<u>Expenditures by Program</u>		<u>T. O.</u>
State General Fund:	\$0	Environmental Compliance	\$2,034,734	0
Interagency Transfers:	\$0			
Self-Generated Revenue:	\$0			
Statutory Dedications:	\$2,034,734			
Federal Funds:	\$0			
Total	<u>\$2,034,734</u>	Total	<u>\$2,034,734</u>	<u>0</u>

I. SUMMARY/COMMENTS

The purpose of this BA-7 request is to increase statutorily dedicated funds from the Hazardous Waste Site Cleanup Fund by \$2,034,734 to pay Murphy Bros. Trucking & Construction, LLC to close a solid waste facility owned by Harrelson Materials Management, LLC in Shreveport. Containment of the site is an environmental emergency and Murphy Bros. began work as soon as possible after the contract was approved by the LA Department of Environmental Quality (DEQ) and the Division of Administration on 4/2/2015. As such, this is an "after the fact" BA-7. Murphy Bros will compact and grade the waste to provide a smooth base capable of supporting the final cover over the site. The area requiring closure is estimated to be between 27 and 35 acres.

Numerous fires have occurred in the Harrelson landfill since July 2008. JLCB approved a \$3.5 M BA-7 on 10/17/2014 to hire a different contractor to initially extinguish the fires. The contractor began work to extinguish the fires on 10/11/2014 and concluded firefighting efforts on 12/16/2014. In early February 2015, the State Fire Marshal's office identified hot areas at the landfill and the contractor returned to investigate on 2/16/2015. On 2/20/2015, the contractor determined that the fires were successfully extinguished, but reported that the landfill needed to be closed immediately to prevent the fires from reoccurring.

At the time of this writing, the Revenue Estimating Conference (REC) had not recognized enough revenue from the Hazardous Waste Site Cleanup Fund in FY 15 (\$8.27 M) to fully fund this BA-7. The current appropriation to DEQ from the Hazardous Waste Site Cleanup Fund is \$7.04 M, leaving \$1.23 M to appropriate, or \$0.8 M less than needed for this BA-7 (\$1.23 M - \$2.03 M = -\$0.8 M). However, when developing the budget for FY 15, DEQ had initially recommended that the REC recognize \$9.9 M from the Hazardous Waste Site Cleanup Fund. Due to a technical reporting error, the REC only recognized the \$8.27 M from the Hazardous Waste Site Cleanup Fund mentioned earlier. More recently, DEQ has revised its FY 15 forecast for the Hazardous Waste Site Cleanup Fund upward to \$10.4 M. As such, the REC can recognize an additional \$2.13 M from the Hazardous Waste Site Cleanup Fund in FY 15 based on DEQ's latest forecast (\$10.4 M - \$8.27 M = \$2.13 M).

II. IMPACT ON FUTURE FISCAL YEARS

Expenditure from the Hazardous Waste Site Cleanup Fund in FY 15 will reduce available funds in FY 16.

III. LEGISLATIVE FISCAL OFFICE RECOMMENDATION

The Legislative Fiscal Office recommends approval of this BA-7 at a reduced amount of \$1,227,390. This amount reflects the difference between the current FY 15 REC estimate for the Hazardous Waste Site Cleanup Fund and the Fund's current appropriation amount (\$8,270,000 - \$7,042,610 = \$1,227,390). Approval of this reduced amount leaves DEQ \$807,344 short of the amount needed to fully fund the contract. DEQ can also submit a subsequent BA-7 request for additional appropriation authority from the Hazardous Waste Site Cleanup Fund if the REC recognizes additional revenue from the fund prior to the end of the fiscal year.

**LEGISLATIVE FISCAL OFFICE
ANALYSIS OF BA-7 REQUEST
Amended: Approved by JLCB**

DEPARTMENT: Environmental Quality

AGENDA NO.: 5

AGENCY: Environmental Compliance

ANALYST: Charley Rome

<u>Means of Financing</u>		<u>Expenditures by Program</u>		<u>T. O.</u>
State General Fund:	\$0	Environmental Compliance	\$1,227,390	0
Interagency Transfers:	\$0			
Self-Generated Revenue:	\$0			
Statutory Dedications:	\$1,227,390			
Federal Funds:	\$0			
Total	<u>\$1,227,390</u>	Total	<u>\$1,227,390</u>	<u>0</u>

I. SUMMARY/COMMENTS

The purpose of this BA-7 request is to increase statutorily dedicated funds from the Hazardous Waste Site Cleanup Fund by \$2,034,734 to pay Murphy Bros. Trucking & Construction, LLC to close a solid waste facility owned by Harrelson Materials Management, LLC in Shreveport. Containment of the site is an environmental emergency and Murphy Bros. began work as soon as possible after the contract was approved by the LA Department of Environmental Quality (DEQ) and the Division of Administration on 4/2/2015. As such, this is an "after the fact" BA-7. Murphy Bros will compact and grade the waste to provide a smooth base capable of supporting the final cover over the site. The area requiring closure is estimated to be between 27 and 35 acres.

Numerous fires have occurred in the Harrelson landfill since July 2008. JLCB approved a \$3.5 M BA-7 on 10/17/2014 to hire a different contractor to initially extinguish the fires. The contractor began work to extinguish the fires on 10/11/2014 and concluded firefighting efforts on 12/16/2014. In early February 2015, the State Fire Marshal's office identified hot areas at the landfill and the contractor returned to investigate on 2/16/2015. On 2/20/2015, the contractor determined that the fires were successfully extinguished, but reported that the landfill needed to be closed immediately to prevent the fires from reoccurring.

At the time of this writing, the Revenue Estimating Conference (REC) had not recognized enough revenue from the Hazardous Waste Site Cleanup Fund in FY 15 (\$8.27 M) to fully fund this BA-7. The current appropriation to DEQ from the Hazardous Waste Site Cleanup Fund is \$7.04 M, leaving \$1.23 M to appropriate, or \$0.8 M less than needed for this BA-7 (\$1.23 M - \$2.03 M = -\$0.8 M). However, when developing the budget for FY 15, DEQ had initially recommended that the REC recognize \$9.9 M from the Hazardous Waste Site Cleanup Fund. Due to a technical reporting error, the REC only recognized the \$8.27 M from the Hazardous Waste Site Cleanup Fund mentioned earlier. More recently, DEQ has revised its FY 15 forecast for the Hazardous Waste Site Cleanup Fund upward to \$10.4 M. As such, the REC can recognize an additional \$2.13 M from the Hazardous Waste Site Cleanup Fund in FY 15 based on DEQ's latest forecast (\$10.4 M - \$8.27 M = \$2.13 M).

II. IMPACT ON FUTURE FISCAL YEARS

Expenditure from the Hazardous Waste Site Cleanup Fund in FY 15 will reduce available funds in FY 16.

III. LEGISLATIVE FISCAL OFFICE RECOMMENDATION

The Legislative Fiscal Office recommends approval of this BA-7 at a reduced amount of \$1,227,390. This amount reflects the difference between the current FY 15 REC estimate for the Hazardous Waste Site Cleanup Fund and the Fund's current appropriation amount (\$8,270,000 - \$7,042,610 = \$1,227,390). Approval of this reduced amount leaves DEQ \$807,344 short of the amount needed to fully fund the contract. DEQ can also submit a subsequent BA-7 request for additional appropriation authority from the Hazardous Waste Site Cleanup Fund if the REC recognizes additional revenue from the fund prior to the end of the fiscal year.